

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU, HAWAII

February 19, 1980

MEMORANDUM 1980 - 8

TO: Heads of Departments and Agencies
(Attention: Personnel/Payroll Section)

FROM: Hideo Murakami, Comptroller

SUBJECT: Savings Bond Change

The Department of the Treasury, U.S. Savings Bonds Division, has announced that after June 30, 1980, the present Series E bond will not be issued under payroll deduction programs; it will be replaced by a new Series EE bond. To conform with the new requirements, the State will be converting from Series E to Series EE bonds effective May 1, 1980, and your assistance is required in notifying affected employees on the savings bond changes.

With this memorandum, we are sending you notices on the conversion for immediate distribution to affected employees in your department. To aid in the distribution, the following are also enclosed:

1. A list of employees in your department or agency currently buying savings bond through the State's payroll deduction plan.
2. Labels with employee name, payroll number, and warrant distribution code to be affixed to the notices to facilitate their distribution. The labels are arranged in the order of the listing, alphabetically by employee name.

It is imperative that the employee be notified of the conversion and given sufficient opportunity to cancel or adjust his allotment. If dissatisfied with the terms of the conversion, the employee must complete a U.S. Savings Bond Payroll Savings Application, Federal SBD form, for payroll processing by April 15, 1980. If the employees wishes to continue in the program, no action is required.

Heads of Departments and Agencies
(Attention: Personnel/Payroll Section)

Page 2

Briefly, some of the highlights of the new Series EE bond, designated by the Department of the Treasury as "U.S. Energy Savings Bond, Series EE", are:

1. The Series EE bonds will have a guaranteed life of 11 years.
2. The Series EE bonds will be available in denominations of \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000 and \$10,000. The purchase price is one-half of this; e.g. a \$50 Series EE Bond costs \$25 to purchase, a \$100 bond costs \$50, and so on.
3. The interest rate on the Series EE bonds will be increased from 6.5 percent to 7 percent for bonds held the full 11 years to maturity. Series E bonds that have not finally matured and U.S. Savings Notes will also receive the 1/2 percent "energy bonus", if they are held for 11 years from the date of the first semi-annual interest period that begins on or after January 1, 1980.
4. The Series EE bonds must be held for at least 6 months after issue versus 2 months for E bonds. This will improve the cost effectiveness of the program.
5. Individuals can buy \$15,000 yearly in U.S. Energy Savings Bonds, Series EE (purchase price) compared to only \$7,500 (purchase price) for the earlier Series E bonds.

If your personnel/payroll staff requires assistance on questions from your employees regarding payroll implications of the savings bond conversion, your personnel/payroll staff may call our Central Payroll Section at 548-3167 or 548-6736.



HIDEO MURAKAMI
Comptroller

Enclosures